



April 2011

Banyan Consulting is pleased to present our monthly newsletter. We hope the articles in this and future editions will provide insight into an array of employee benefits topics.

We appreciate your feedback! If you have a topic for future discussion, please let us know.

Keeping Employees Happy Despite Tighter Purse Strings

Between the elevated food, transportation, and energy prices; plunging home values; and volatility surrounding the investment market, consumer attitudes have been shaken to their core. Organizations in all industries are feeling the pressure as consumers try to stretch their dollars further.

Over the last two years, Banyan consultants have spoken to many HR Directors facing rather complicated and unique economic challenges. If you are attempting to balance budgetary pressures with employee morale and satisfaction, you're not alone.

Such a challenge may seem impossible to meet, but there are tactics that can either ease the additional financial burdens of employees or help contain benefits costs.

A few we've reviewed with clients recently are:

- Carefully review your medical plan for savings measures. It's likely the largest component of the benefits budget, and as such, may represent the greatest cost-cutting potential. Marketing your plan to capitalize on competitive forces in the market is a good first step. However, not all provider networks are alike, so be sure to pay close attention to value, not only price. Assess plan features that could hold significant savings, such as prescription drug programs with

coinsurance features that automatically encourage generic usage and keep pace with inflation.

- Since 100% of the cost of voluntary benefits are paid by the employee, expanding upon or adding voluntary benefits can beef-up the companies benefits offerings without incurring additional expense. Employee interest in voluntary legal benefits has increased significantly due to the financial downturn. Employees continue to look to their employer for solutions to their financial and legal concerns, and are finding these types of programs to be a valuable resource. With group pricing and the convenience of payroll deduction, it may be time to consider expanding your menu of offerings.
- Assess the benefits being offered to ensure they aren't the most costly, but still play a role in both keeping and attracting employees. Two examples of such would be disability and life insurance coverage. We've recently marketed the life and disability coverage of several employers who were able to save significantly, despite the fact that they were in a rate guarantee with their current carrier. It never hurts to investigate your options.
- High gas prices mean that commuting to and from work becomes a costly expense for most workers. Offering qualified transportation benefits, such as transit passes, vanpooling, or qualified parking, through a reimbursement funded by employee pre-tax dollars is a relatively inexpensive way that employers can help their workers with expensive commuting. The arrangement can save workers money on their Social Security taxes, federal taxes, and possibly state taxes.
- Flexible work schedules, such as a ten hour/four day work week, may be an option for some businesses to save their employees' transportation costs and themselves energy costs. Shorter work weeks are also generally favored by employees due to the extra time it provides them for their leisure activities and home responsibilities.
- Even though the budget is tight, make some room to communicate with employees on the value of their benefits. Most employees only see their own out-of-pocket expense for their benefits; they seldom realize just how much their employer is spending to provide valuable benefits to them and their dependents. It only takes a very simple and concise communication to provide a summary of the employee benefits being offered and the employer's cost.

These are just a few tactics to tighten the benefits budget and still keep employees happy. We hope you can use them as a starting point to get the ball rolling well in advance of your next open enrollment season. As always, feel free to contact us for assistance.

Evaluate and Plan Today for Good Enrollment Results in the Future

Companies devote a great deal of energy and countless working hours to meet the demands of end-of-year enrollment periods. Since the offering of quality benefits is a crucial aspect in keeping existing employees and attracting new employees, having a less than enthusiastic response to an open enrollment can be very distressing for employers.

One thing that you, the employer, can do to improve enrollment results is thoroughly evaluate your current benefits and employee pool. Your offerings need to be a good fit for both your business and employees. Some employers will immediately find obvious indicators that their benefits package needs a major overhaul. Meanwhile, some will need to look for more subtle hints. Here are three common signals that it may be time to make some benefit changes:

1. Workforce Demographic Changes

Any shift in the demographics of your employee pool can simultaneously shift insurance needs. Employers often find that this shift occurs every so often from nothing more than time elapsing. For example, the single college graduate that was hired five to ten years ago may now have a family and be interested in supplemental life insurance, day care accounts, flex time schedules, and such.

A substantial change to your employment numbers, from such events as adding a new department or gaining a competitor, can also signal that a change might be needed. You could qualify for better pricing on your benefits from simply having a larger employee pool.

2. Direct and Indirect Employee Complaints

If employees are grumbling to you, your management team, or their co-workers that they aren't satisfied with their benefit choices -or- they indirectly let you know their dissatisfaction through poor enrollment results, then you need to determine the cause of the dissatisfaction and put your investment in employee benefits to better use.

3. Rise in Costs

Take time to reassess your benefit package when the cost is constantly on the rise and anytime you question if you're getting the most value for your benefit dollars.

Good enrollment results require good planning. This planning should take place long before the open enrollment period arrives to best avoid a poor enrollment outcome. Some key measures to consider during the plan phase include the following:

- Surveying employees and conducting focus groups are two excellent ways to determine what benefits your employees find most attractive. Of course, you aren't going to be able to satisfy every need of every employee. However, the communication process can be used to construct a benefits package that's more on target with the overall needs of your employees. It also shows employees that you care about their needs.

- Meet with your benefits adviser to make sure that your benefits, such as medical and dental, are competitively priced. If not or you just want to see if you can get a better price, then you might begin the request for proposal process.
- You should compare your offerings to what your main competitors are offering. It will be difficult for you to hang on to existing employees, much less attract new employees, if your competitor is offering a large selection of well-priced benefits and you aren't.
- It may be prudent to consider adding new benefits to your plan. Don't let the dollar signs scare you away from new benefit offerings. There are supplemental benefits that can be offered on a 100% employee-paid basis. The addition of pre-tax flexible spending accounts for dependent day care or health care is another option. Even when employers aren't contributing to the cost, studies have shown that employees typically appreciate these types of additional benefits just being available to them.
- Establish a routine midyear review to see how each of your open enrollments go and to determine ways that future enrollment processes can run more smoothly. For example, you might review the effectiveness of the communication process, if there were better ways to help employees make good enrollment decisions, and the cost-effectiveness and efficiency of in-house and outside resources and technologies.

The evaluating and planning process may be tedious, but the benefits of a smoother running enrollment process and better enrollment turnout are certainly worth it for both you and your employees.



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